

Response to Request for Proposal

The State of Vermont  
Public Service Board

Fiscal Agent – Vermont Universal Service Fund

April 7, 2011

PRESENTED BY:  
BATCHELDER ASSOCIATES, P.C.  
1 CONTI CIRCLE  
BARRE, VERMONT 05641  
(802)476-9490

[bbatchelder@batcheldercpa.com](mailto:bbatchelder@batcheldercpa.com)  
[www.batcheldercpa.com](http://www.batcheldercpa.com)



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## Batchelder Associates, PC

April 7, 2010

Brenda Chamberlin, Business Manager  
The Vermont Public Service Board  
112 State Street, 4<sup>th</sup> Floor  
Montpelier, VT 05620-2701

Dear Brenda,

I am pleased to offer the enclosed proposal on behalf of Batchelder Associates, P.C. in response to the RFP request for the Fiscal Agent of the Vermont Universal Service Fund (VUSF).

I am authorized to contractually obligate the organization and to negotiate the contract to perform the duties as the Fiscal Agent of the Vermont Universal Service Fund (VUSF) identified in the RFP.

Batchelder Associates, P.C. is wholly owned by Bonnie K. Batchelder, CPA and is legally certified in the State of Vermont and Massachusetts. Batchelder Associates, P.C. has been qualified as a Women Owned Business (DBE) by the Vermont Agency of Transportation. Our business has been based in Central Vermont since 1981.

The following proposal will show Batchelder Associates, P.C. has the knowledge and capability to work intimately with the staff of the Vermont Public Service Board. We have worked as a fiscal agent for multiple organizations as well as performed audit services.

Batchelder Associates, P.C. in our capacity as a fiscal agent, works with multiple clients that are located in other States and countries such as Mexico and China. As their fiscal agents, we are required to work as a virtual office on their behalf, therefore have the ability to have a presence in any State or country that is required by the client.

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Bonnie K. Batchelder • Certified Public Accountant

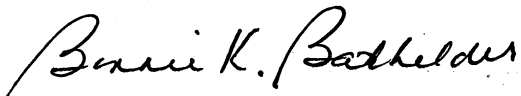
1 Conti Circle #1 • Barre, Vermont 05641 • (802) 476-9490 • 1-800-339-7883 • fax: (802) 476-7018

[www.batcheldercpa.com](http://www.batcheldercpa.com)

Thank you for this opportunity. Should you have any questions regarding this proposal they can be directed to:

Bonnie K. Batchelder, CPA  
(802) 476-9490 (802)476-7018 (Fax)  
1 Conti Circle, Barre, Vermont 05641  
[bbatchelder@batcheldercpa.com](mailto:bbatchelder@batcheldercpa.com)

Sincerely,

A handwritten signature in black ink that reads "Bonnie K. Batchelder". The signature is written in a cursive style with a large, stylized "B" and "K".

Bonnie K. Batchelder, CPA

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## **PROJECT APPROACH**

## **Project Approach**

Batchelder Associates, P.C. provides fiscal agent services to more than forty-eight companies and has established a sound system of internal control procedures to accurately and efficiently manage our client's accounts and funds. Our approach to the Vermont Public Service Board will be provided with the same professional, efficient and accurate manner.

Batchelder Associates, P.C. has established an appropriate fund accounting system to accommodate the collection of funds on behalf of the VUSF, manage the funds and disburse the necessary funds based on approved invoices, due dates and cash flow.

### **Transition**

A specific approach and plan for transition is as follows but not limited to:

- Identify the carriers currently remitting to the VUSF and establish the appropriate balances, delinquency and status, if any.
- Implement the internal procedures for collections and processing carrier remittances, disbursing of funds, and making periodic account statements to carriers integrating the State's established accounting policies.
- Establish carrier remittance and monthly account statement.
- Prepare packages of information and forms for the carriers.
- Establishing accounting structure which will provide information to the reporting entities as well as reinforce and regulate a strong internal control process.
- Load all applicable balances at the time of transition from the prior contract.
- Establish bank accounts at People's United Bank for all transactions. During this initial process, we will establish a vehicle for investment of short-term funds which will meet the criteria of security, liquidity and yield.
- Update Batchelder Associates, P.C.'s current website to include required information for VUSF.

➤ Website will offer at a minimum:

- ❖ Introduction of Batchelder Associates, P.C. VUSF remittance form
- ❖ Instructions to complete remittance form

- ❖ Instructions for remitting payment
- ❖ Annual rate-setting
- ❖ Provide a link to the Public Service Board website
- Batchelder Associates, P.C. currently has an in-house lockbox which processes receipts on a daily basis. There will be a separate lockbox specifically for VUSF.
- Review current thresholds and establish new thresholds for quarterly and annual collection amounts if needed.

#### Annual Work to be Performed

##### Carrier Contacts

- Ongoing throughout the year, on a regular basis, a review will be completed of carriers who should be remitting to the fund. This will include working with the list provided and maintained by the Clerk of the Public Service Board and Department of Public Service as well as consulting national lists of carriers, such as....
- Batchelder Associates, P.C. will have ongoing contact with carriers via telephone and written correspondence to ensure compliance of the Act by advising them of VUSF procedures and practices. Batchelder Associates, P.C. is available to the carriers during normal office hours, via email, and via website for advice and guidance on complying with VUSF rules and regulations. Batchelder Associates, P.C. will contact VUSF in areas where no policy has been established or if additional advice is needed to respond to the carriers. In addition, Batchelder Associates, P.C. is available to assist carriers in responding to questions that may arise from the customers.

##### Collections from Carriers and Delinquent Payments

- Obtain funds from the companies identified
  - Inform carriers of filing status – monthly, quarterly or annually
  - Complete a monthly statement that will include current amount due as well as any outstanding balances. The outstanding balance will include an interest rate 1.5% as instructed by the Vermont Public Board. In addition,
  - Carrier remittances will be received via the lockbox, certified for correctness, recorded and deposited to the bank on a daily basis and,

- On the 20<sup>th</sup> of each month a delinquent report will be prepared. A statement of account will be generated and issued to the carrier as part of the follow up for remittance.
  - Batchelder Associates, P.C. will provide the Public Service Board and the carrier a written summary that led to any delinquency notice should it be requested by the carrier or an appeal is brought to the Public Service Board.
  - Any delinquency over 90 days will be brought to the attention of the Public Service Board for further actions.
  - On an annual basis there will be a reconciliation/settlement with each carrier. The account statement will be used to complete this process.
- Upon receiving remittances a review will be completed for accuracy and contact the carrier for responses to questions that might arise from review. Batchelder Associates, P.C. will use mathematical and reasonableness as part of the review process. When any filings raise questions, the State will receive a report of the questions and the outcome of the investigation.

### Fund Management

- Using the already established relationship with the People's United bank, funds will be managed between checking and short term investments dependent on current payable and funds status. Batchelder Associates, P.C. understands the VUSF investment-related expenses and banking fees are to be netted against earnings from investments.

- Batchelder Associates, P.C. will store all carrier data in a common database. The database will be used for comparison of current reported data to previously reported data.

We have a daily back up of our system that is kept on premise. There is a second daily back up created that is stored offsite for added security and protection purposes.

- Batchelder Associates, P.C. will advise the State timely should during any fiscal year the claims exceed the anticipated funds available in that same fiscal year. This will be determined using the carrier database to develop its projections of anticipated receipts.



## Fund Disbursement

- Following the required consultation all persons involved in administering the VUSF – funded programs disbursements will be completed. This will be completed by writing a check drawn from the VUSF account with the exception of the following:
  - VUSF Funds will be disbursed for the benefit of:
    - ❖ Vermont Telecommunications Relay Service to the State Treasurer
    - ❖ Vermont Telecommunications Equipment Grant Program to the State Treasurer
    - ❖ Vermont Enhanced 911 Program to the State Treasurer
    - ❖ Vermont Lifeline Program to carriers
    - ❖ Disbursements, if requested, may be made by electronic transfer
  - Batchelder Associates, P.C. will make a reasonable effort to ensure that disbursements are done evenly over a 12 month period.
  - Batchelder Associates, P.C. will reimburse our own fixed cost functions on a monthly basis as authorized by the signed contract. All per diem payments for Batchelder Associates, P.C. services shall be forwarded to the State in the form of an invoice for approval of payment. All supporting documents will be kept on file for review for audit purposes.
  - Should cash become insufficient to meet the required disbursements, Batchelder Associates, P.C. will immediately notify the State. We understand that borrowing is authorized by Vermont law, but we are not required to locate a line of credit or obtain borrowed funds.

## Reporting

Knowing the importance of reporting for making sound business decisions and using those reports for preparation of the next fiscal year budget, Batchelder Associates, P.C. is fully prepared to provide the following reports on the time scheduled put in place by VUSF. The reports produced will provide all information is required and requested by VUSF.

- Monthly operating reports will be completed and be provided to the State by the fifteenth day of each month. These reports will include:

- Monthly Fund Performance report provided in a current month, year-to-date and projected year-to-date total
  - ❖ Total revenue received from carriers and interest
  - ❖ All completed disbursements
  - ❖ Surplus or deficit position
  - ❖ Beginning and ending fund balances
- Net Assets Report on an accrual basis. The report will take into consideration carrier contributions as receivables.
- Lifeline Program Report for each exchange carrier to include:
  - ❖ Number of customers served
  - ❖ Total credits granted
  - ❖ Average payment per customer
  - ❖ Administrative expense
- On a quarterly basis Batchelder Associates, P.C. will provide a list of overdue carrier receivables in addition to what was outlined above regarding notification of receivables over 90 days.
- Batchelder Associates, P.C. will provide on an annual basis the following reports:
  - By February 1 the Lifeline Report will encompass receipts and disbursements for each month of the prior period. The report will also include number and dollar value of federal Link-Up credits reimbursed to each local exchange carrier for each month of the prior period.
  - By February 15<sup>th</sup> we will prepare and provide to both the Department of Public Service and the Public Service Board annual revenue forecast. The numbers will be based on actual through November and projections for the balance of the year. This will be used for the following period's rate setting.
  - By May 15<sup>th</sup>, the report generated for February 15<sup>th</sup> will be updated using actual revenues through April. This will allow time for the Public Service Board to set the following fiscal year's rate setting.
  - Annually in July we will prepare "Beginning-of-Year Forecast" reports presented by month.

### Financial Accounting and Audits

- In preparation of the annual audit, by September 15<sup>th</sup> Batchelder Associates, P.C. will prepare and send unaudited annual financial statements to the State.
- On an annual basis, Batchelder Associates, P.C. will retain an independent accountant to audit the financial reports. Prior to the retaining the independent accountant, we will receive prior approval for the accountant chosen to complete the audit. The audit will be completed using the Generally Accepted Government Auditing Standards ("GAGAS"). The report will include an opinion on our financials statements along with a written report on the established internal controls and compliances. Copies of the audit will be sent to the State, Department of Public Service, Vermont Auditor of Accounts, and Vermont Department of Finance and Management.
- Books and records will be made available to the State at all times. Financial records, excluding confidential information, will be made available to the carriers as well.
- At the request of the State, Batchelder Associates, P.C. will complete audits of the carriers.

### Confidential Information

- Batchelder Associates, P.C. currently has in place a practice of all employees agreeing and signing of a non-disclosure agreement. Our company was built on strong ethical and confidentiality morals. All employees are bound by our non-disclosure agreement. Any requested confidential information must approved by the senior staff before release. As with all of the audits performed by Batchelder Associates, P.C. a separate agreement is reviewed and signed in regards to confidential information. All information maintained in Batchelder Associates, P.C. offices are filed under lock and key with the added security of an alarm system.
- Should Batchelder Associates, P.C. receive a request for confidential information from a person or other organization other than the Public Service Board or the Department of Public Service, the request will be denied and referred to the Public Service Board for determination.

### Legal Services and Subcontractors

- On an as needed basis, Batchelder Associates, P.C. will need to use legal services using outside legal counsel. We will obtain an attorney with experience in regulatory procedures. Prior to use of

the outside legal counsel, Batchelder Associates, P.C. will obtain approval from the State.

Each client's fiscal needs are different and each approach of internal control is tailored to the needs of the client. The system established once we begin the process may be slightly different from the above outline; however, the basic concept will be the same. If the above approach changes, it will only enhance the product we are able to provide.

**RELATED EXPERIENCE**

**AND**

**RESUMES**

## **Related Experience**

Batchelder Associates, P.C. has a strong background in providing services as a fiscal agent for the past 20 years. We currently provide fiscal agent services to a number of customers varying in size including acting as the fiscal agent for the Vermont Energy Efficiency Fund (VEEU) and Regional Greenhouse Gas Initiative (RGGI). We have a strong working knowledge and understanding of the requirements and regulations of the Vermont Public Service Board. We are very familiar with State regulations and requirements since we provide various services to the State that require an immediate understanding of the regulations.

Although we handle multi clients, we have a clear understanding of the requirements of the contract with the Vermont Public Service Board and are confident that we are able to provide services with the level of professionalism and integrity it deserves.

We have handled multi-million dollar non-profit organizations, handling federal and state funding, and providing grant reports to funding sources and to our clients. We have also handled smaller clients with less funding, however, with no less importance. We pride ourselves in our availability and response to our clients at all times. We have hosted annual audits of each of these clients to end the year with a clean opinion in each and every case. We also are required to under go our own peer review, of which we have received consistent unqualified opinions.

As our services related to the multi-million dollar clients, the funds were created through federal, state and private funding. This reporting required a strong background of municipal, fund and government accounting. We provided these services without delay and were able to accommodate each of the entities with their requirements.

## **Banking Institution Relationships**

Batchelder Associates, P.C. has established relationships with various reputable banking institutions in the local area. Currently we work closely with the local branch of People's United Bank. Even though we have a close working relationship with the local branch, we have chosen this relationship with them because they have the same philosophy as most Vermont businesses do. But with this philosophy of being Vermonters we also have the advantage of having the bank located in multiple States. People's United Bank is a subsidiary of People's United Financial, Inc. a

diversified financial services company with \$25 billion in assets. People's United Bank is the largest independent bank in New England and provides consumer, commercial and wealth management services through nearly 340 branches in Connecticut, Vermont, New York, New Hampshire, Maine and Massachusetts. People's United Financial, Inc. is currently rated as:

Moody's:	A3
Standard & Poor:	BBB+
Fitch:	A-

Through additional subsidiaries, People's United provides equipment financing, asset management, brokerage and financial advisory services.

**BONNIE K. BATCHELDER, CPA – FUND MANAGER**  
**CERTIFIED DISADVANTAGED BUSINESS ENTERPRISE**

**EDUCATION:**

The University of Vermont, Bachelor of Science Degree in Business Administration-Accounting, May 1985

**PROFESSIONAL CERTIFICATIONS:**

Certified Public Accountant Massachusetts (1988), Vermont (1991)  
**Certified as Disadvantaged Business Enterprise, 100% Women Owned Business**

Authorized RealWorld Dealer and Consultant (1987)

Preferred Dealer – Advanced Data Systems (Source code dealer of RealWorld)

**EXPERIENCE:**

**Years of Experience:** 25

**Years with Batchelder Associates, P.C.** 20

Experience with government, federal & state funding to include 501(c)(3) and A-133 25

Qualified to perform audits and current with continued professional education under GAGAS

**PROFESSIONAL MEMBERSHIPS:**

Member American Institute of Certified Public Accountants

Member Vermont Society of Certified Public Accountants

**Registered DBE with State of Vermont**

Member National Contract Management Association

President Barre Rotary Club – 1996-1997

Bonnie will be the lead Fund Manager for VUSF. She is the principal owner of Batchelder Associates, P.C. and has implemented strong internal procedures for all of the clients that we work with. The staff is expected to follow the procedures without fail. With the seemingly increase in inappropriate financial activities, Bonnie works closely with multiple



organizations to implement and provide assistance in setting up processes that will protect them from such activities.

Bonnie has a strong background as a government contract auditor working with both the Federal and State governments. She has worked in the fiscal agent arena since she began the business in 1991. As a CPA Bonnie has provided financial planning, tax planning, job costing and bidding services to many businesses located in Vermont as well as other States.

Bonnie has taken the business from not only being viable in Vermont but in many other States and Countries. She works closely with both State agencies in these States along with working with the business owners.

Bonnie has worked extensively with contractors putting together overhead fee schedules that are prescribed by Federal and State agencies.

Currently, Bonnie is the fiscal agent to the Vermont Energy Efficiency Fund (VEEU) and the Regional Greenhouse Gas Initiative (RGGI).

While working for Hersh, Klingsberg and Diamond a CPA firm located in Massachusetts, Bonnie converted the firm from a manual financial preparation to a computerized system. She worked for the firm from July, 1985 until she returned to Vermont to open her own firm in July of 1991. While at the firm she was responsible for audits, reviews and compilations. Bonnie was also responsible for training new staff on internal procedures and controls.

**PATRICIA A. RISTAU, SENIOR ACCOUNTANT**

**ASSISTANT FUND MANAGER**

**PROFESSIONAL CERTIFICATIONS AND MEMBERSHIPS:**

Barre Lions Club

**EXPERIENCE:**

<b>Years of Expertise</b>	<b>31</b>
<b>Years with Batchelder Associates, P.C.</b>	<b>7</b>

Patty works closely with various nonprofit organizations and for profit businesses that utilize our services on a regular basis. She maintains daily management of cash flow for all clients and the grants for the nonprofits. Patty continues to work closely with the nonprofit clients developing budgets utilizing the grant funds applicable to each nonprofit organization. Patty actively participates in preparation of the independent audit process required for the nonprofit organization.

Patty works closely with a number of Batchelder Associates, P.C. clients and financial institutions obtaining financing for the purchase of a new business or additional assets. She has extensive experience and knowledge working with the all of the States Department of Taxes, Department of Insurances and Secretary of State Offices as well as the Internal Revenue Service. She works intimately with our clients located in other states and countries.

Patty has multiple clients in which she is responsible for all aspects of the accounting including processing accounts payable, accounts receivable and producing monthly financial statements. She works directly with many of the clients developing and implementing yearly budgets. She also provides guidance for financial management to many of the clients.

Patty provides knowledge of the entire client base and establishes continuity and reinforcement of services to all of our clients, both small and large. Patty manages the payroll and human resource division of Batchelder Associates, P.C..

Patty is responsible for attaining new clients through sales and marketing. She has assisted current clients to obtain their DBE status with Agency of Transportation (VTrans). Patty provides overall client management and continuity with the staff of Batchelder Associates, P.C..

**COMPENSATION SCHEDULE**

**AND**

**INVESTMENT OF FUNDS**

## **COMPENSATION SCHEDULE**

### **Fixed Costs**

<b>Fiscal Year</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>
<b>Batchelder Associates, P.C.</b>	\$86,500*	\$80,000	\$80,000

\*The first year fee includes a start up cost that will be paid equally over a twelve month period.

### **Per Diem Costs**

<b>Carrier Reviews/Audits/Consulting Services</b>	<b>Hourly Rate/Maximum per Day</b>
Bonnie K. Batchelder, CPA	\$110.00*/\$880.00
Patricia Ristau	\$85.00/\$680.00
Staff Accountants	\$55.00-\$75.00/\$600.00
Administrative Staff	\$35.00/\$280.00
<b>Legal Services (not to exceed)</b>	<b>\$275.00/\$2,200.00</b>

\*(Normal hourly rate is \$135 per hour)

### **Occurrence Payments**

The State shall also pay Batchelder Associates, P.C. an additional sum of \$880.00 for each occurrence when the charge rate for the VUSF is changed more frequently than annually.

#### **Reimbursable:**

Independent Audit: \$12,500 Estimate (An RFP will be prepared for completion of audit)  
Mileage: \$.50 per mile  
Travel: Per Diem per current Federal publication  
Airfare: Reasonable cost

Payment Terms:

Invoices will be submitted to the Vermont Public Service Board monthly based on the accepted contract.

This proposal is being submitted without collusion with any other party. Batchelder Associates, P.C. is wholly owned by Bonnie K. Batchelder, CPA and is legally certified in the State of Vermont and Massachusetts. Batchelder Associates, P.C. has been qualified as a Women Owned Business (DBE) by the Vermont Agency of Transportation. We have extensive experience in government, fiscal management, non-profit and municipality accounting. Thank you for your consideration of our proposal.

**INVESTMENT OF FUNDS**

Batchelder Associates, P.C. has a business relationship with all the banks in the Central Vermont area, however, the concentration of our business is with the Chittenden Bank, Barre Branch, recently purchased by the Peoples United Bank. With the Chittenden, we utilize a checking account with a sweep account attached which is backed 100% by U.S. Government securities.

We currently have managed accounts with the Chittenden which far exceeds the \$250,000 FIC limits and the sweep guaranteed by U.S. Government Securities is the most efficient and safest place for the funds. Interest rates are currently lower, due to the economy and certificate of deposits would generate a higher yield, but would not be as secure as the above scenario.

Batchelder Associates, P.C. will utilize the same investment vehicles at the beginning of the contract and will expand when necessary. Batchelder Associates, P.C. is continually checking for increased yields while keeping our managed funds secure. We do have an annual report on file for the People's United Bank should the public Service Board wish to review.